



SENATOR

Debbie Regala

E-Newsletter - 27th District, Tacoma

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27th Legislative District

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Dear Neighbors,

Recently the state's [Economic and Revenue forecast Council](#) made their quarterly forecasts. Please find the latest information on this as well as a six-year budget outlook, help for displaced workers, an update regarding Streamlined Sales Tax collections and a link to an article of how Washington's economic condition compares to the rest of the country.

Clearly we are not out of the woods yet, but I look forward to continuing discussion on how to best position our state for economic recovery.

As always I welcome your thoughts and suggestions.

Sincerely,

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Revenue forecast down but so are caseloads

June 17th's quarterly revenue forecast projects \$206.8 million less in tax revenues than we expected when the Legislature revised the two-year budget this spring. The continued lag in revenues is disappointing and reduces the projected reserve account to about \$253 million. On the upside, the Legislature was prudent in establishing a reserve large enough to absorb this revenue lag.

On another front, caseloads are expected to be less than the expected demand for state services, boosting our projected bottom line by about \$41 million. That doesn't mean people no longer need assistance; demands are still increasing in this difficult economic time, just not as much as was expected.

Much of what this reflects are the cuts we made to the state budget this year. For instance, we reformed the General Assistance-Unemployable (GAU) program into the Disability Lifeline program, reworking it to cut costs and shift

to a "care instead of cash" model for many who are unemployable due to disability or chemical dependency. The overall goal is to reduce the costs of the program while still ensuring this safety net is available to those who truly need it. Initial projections show an abrupt change in caseload as clients are shifted to other federally funded programs.

Six-year outlook projects new budget shortfall

Pretty much as was expected, the [six-year budget outlook](#) recently released by the state's Office of Financial Management projects a \$3 billion budget shortfall for the two-year budget the Legislature will write during its 2011 session. That will mean another tough session.

More help on way for displaced workers

More than \$18 million in federal funds are available to help dislocated workers in the coming fiscal year that runs from July 2010 through June 2011. This money, distributed through the state Employment Security Department, will be used to provide employment and training to unemployed workers whose skills or occupations are no longer in demand. The Dislocated-Worker Program also works to get ahead of the problem by providing early intervention services for workers and firms facing substantial layoffs.

Dislocated workers are people who are unemployed through no fault of their own or who have been laid off and are unlikely to return to their previous occupation or industry. Eligible workers may receive intensive counseling, skill development and professional/technical training through local WorkSource offices in addition to basic employment services such as skill assessments, labor-market information, information about training programs and job search assistance.

Though the funds are normally dispersed throughout the year, Employment Security is distributing most of the money now in answer to the severe caseloads brought on by the recession.

Local WorkSource offices, along with postings for more than 21,000 jobs, can be found online at www.go2worksource.com. Help is also available by calling 877-872-5627.

Streamlined sales tax (SST)

In 2008, Washington became a full member of the Streamlined Sales and Use Tax Agreement. Under the agreement, businesses throughout the nation which focus on on-line or catalog sales agree to collect and remit the applicable sales taxes to the 20 member states, including Washington, in exchange for streamlined and consistent administrative rules for collection. Without this agreement, states would find it impossible to collect these taxes. As a result of this, Washington state collected \$7,671,853 during Fiscal Year 2010.

To remain in compliance with the agreement, Washington has been required to change some of its taxation policies. The recent applicability of the 'candy tax' is an example. As you likely have learned via the media, the 'candy' tax does not apply to some candy like snacks containing flour. I realize this is confusing and frustrating for many. It was not a decision made by our Legislators but part of the agreement developed by the member businesses and states throughout the nation. Washington must use the SST agreement definition of 'candy' in order to remain in compliance. It's important to note that despite the tough economy we are experiencing, we are capturing some new revenue which would otherwise be lost if we were not a member of SST.

Congress recently introduced legislation in Washington D.C. that would allow member states of the Streamlined Sales Tax Agreement to require more remote sellers to collect sales tax. The title of the bill, H.R. 5660, is the Main Street Fairness Act. This would be beneficial to Washington as a member state of SST.

How do we compare to the rest of the country?

For an idea of how conditions here in Washington compare to the rest of the nation, this [cover story](#) in Time Magazine shows that many of the events here are happening in legislatures across the country